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Comptroller of the Currency  
Administrator of National Banks

**LARGE BANK**

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

**March 30, 1998**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**One Valley Bank Central Virginia, N.A.  
Charter Number: 23467**

**2120 Langhorne Road  
Lynchburg, Virginia 24501-1424**

**Comptroller of the Currency  
Southeastern District Office  
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**NOTE:** This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

## TABLE OF CONTENTS

I.	General Information. . . . .	1
II.	Institution	
	a. Overall Rating. . . . .	1
	b. Lending, Investment, Service Test Table. . . . .	2
	c. Description of Institution and Assessment Areas. . . . .	3
	d. Conclusions with Respect to Performance Tests. . . . .	4
III.	Lynchburg Metropolitan Statistical Area . . . . .	10
IV.	Danville Metropolitan Statistical Area. . . . .	15
V.	Appendix	
	a. Definition of Terms . . . . .	18

# GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low and moderate income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **One Valley Bank Central Virginia, N.A., Lynchburg, Virginia** (OVB Central Virginia) prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **March 30, 1998**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates CRA performance of an institution based on the provisions set forth in Appendix A to 12 C.F.R. Part 25.

## INSTITUTION

***INSTITUTION'S CRA RATING:*** This institution is rated ***SATISFACTORY***.

These factors support the bank's CRA performance for the lending, investment, and service tests.

- ▶ The distribution of housing-related and small business loans reflects adequate penetration throughout the bank's assessment areas and among borrowers of different income levels. A substantial majority of the bank's loans were made within its assessment areas.
- ▶ Given available opportunities, the bank made an adequate level of qualified community development investments and grants, although rarely in a leadership role.
- ▶ Delivery systems are reasonably accessible to geographies and individuals with different income levels in the assessment areas. The institution's record of opening and closing branches has improved the accessibility of delivery systems in the bank's assessment areas.

The table below shows the bank’s performance level under the lending, investment, and service tests.

PERFORMANCE LEVELS	<u>ONE VALLEY BANK CENTRAL VIRGINIA</u> N.A.		
	PERFORMANCE TESTS		
	Lending Test <sup>1</sup>	Investment Test	Service Test
Outstanding			
High Satisfactory			
Low Satisfactory	X	X	X
Needs to Improve			
Substantial Noncompliance			

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<sup>1</sup> The lending test is weighted more heavily than the investment and service test when arriving at an overall rating.

## DESCRIPTION OF INSTITUTION AND ASSESSMENT AREA

OVB Central Virginia became a national bank in October 1997 after operating for many years as Cooperative Savings Bank, which was acquired in 1996 by One Valley Bancorp. One Valley Bancorp is a \$5.5 billion bank holding company headquartered in Charleston, West Virginia. At year end 1997, One Valley Bank Central Virginia operated 10 full service branches, 9 of which were in the Lynchburg Metropolitan Statistical Area (MSA). The other branch was in the Danville MSA. The Danville branch was purchased in November 1994. The bank has designated two assessment areas, the Lynchburg and Danville MSAs. At December 31, 1997, OVB Central Virginia had \$405 million in total assets consisting of \$196 million in cash and securities, \$189 million in loans, and \$22 million in other assets. Total deposits were \$272 million. The loan to deposit ratio was 69%. There were no legal, financial, or other reasons that prevented the bank from meeting the credit needs of its assessment areas.

As a savings bank, OVB Central Virginia never had a significant market share of business or commercial lending. Historically, the bank's lending focus has been on residential real estate. At year-end 1997, residential real estate loans, at \$127 million, comprised 68% of the loan portfolio. An additional \$14 million (7% of loan portfolio) were home equity loans or lines of credit secured by 1-4 family residential properties. The bank does not emphasize home improvement lending. Home improvement loans are extended as home equity lines and are not reported with other residential lending data. Other loan categories included: commercial loans (real estate) - \$24 million; commercial loans (non-real estate) - \$16 million; consumer loans - \$6 million; other loans - \$2 million.

During October 1997, OVB Central Virginia reached an agreement to acquire 15 branches in Virginia from Wachovia Corporation. The transaction closed in February of 1998. In December 1997, OVB Central Virginia agreed to acquire First Federal Savings Bank headquartered in Lynchburg, Virginia. This transaction is expected to occur in the second quarter of 1998. After completion of these two transactions, OVB Central Virginia will be the largest financial institution in Central Virginia with 38 branches and total assets approximating \$1.3 billion.

OVB Central Virginia's major competitors consist of community banks, savings and loan associations and local offices of large out of area banks and mortgage companies. Financial service companies such as American Express also compete for small business lending. In all, there are approximately 200 lenders in the Lynchburg and Danville MSAs.

Tables 1 and 2 show demographic data for the combined Danville and Lynchburg MSAs. The demographics for the individual assessment areas are detailed in a separate section of the report.

Table 1 shows the distribution of geographies, families, and population by census tract income level. Table 2 shows housing stock demographics by census tract income level. The Department of Housing and Urban Development (HUD) updated median family income for 1997 was \$39,700 and \$35,500 for the Lynchburg and Danville MSAs, respectively. Median housing value was \$57,449 with a median year built of 1965. Fourteen percent (14%) of the 114,768 households are below the poverty level. Fifteen percent (15%) receive retirement income, and 31% receive social security income. Central Virginia has a diverse economy which protects against severe fluctuations in economic activity.

The Lynchburg and Danville MSAs include 54 Census Tracts that do not have an income level designation. Those tracts are in mountainous areas or near rivers and are either not populated or the population is minimal. Those tracts were omitted from the analysis to provide a more accurate reflection of demographics as a percentage of areas with lending opportunities.

<b>Table 1 Demographic Information by Census Tract Income Level Lynchburg and Danville MSAs</b>										
	<b>Low</b>		<b>Moderate</b>		<b>Middle</b>		<b>Upper</b>		<b>Total</b>	
	#	%	#	%	#	%	#	%	#	%
Census Tracts	5	6%	17	22%	46	59%	10	13%	130	100%
Families (000)	1	1%	11	13%	60	71%	12	15%	84	100%
Population (000)	5	2%	47	16%	207	68%	42	14%	301	100%

Source: 1990 Census, U.S. Bureau of the Census

<b>Table 2 Housing Stock Demographics Lynchburg and Danville MSAs</b>							
<b>CT Income Level</b>	<b>Number of Units</b>	<b>% Owner Occupied</b>	<b>% Rental Units</b>	<b>% Vacant Units</b>	<b>% Total</b>	<b><u>Multifamily Units</u> Number Percent</b>	
Low Income	2,497	23%	61%	16%	100%	779	7%
Moderate Income	18,685	49%	40%	11%	100%	1,805	17%
Middle Income	86,779	69%	22%	9%	100%	5,636	54%
Upper Income	17,290	70%	24%	6%	100%	2,256	22%
<b>TOTAL</b>	<b>125,251</b>					<b>10,476</b>	<b>100%</b>

Source: 1990 Census, U.S. Bureau of the Census

Community credit and community development needs were determined by contacting two community development groups in the Lynchburg MSA and one community development group in the Danville MSA. The types of community organizations contacted included a city government agency and two community based community development organizations whose primary missions were providing affordable housing for low and moderate income persons. Representatives from each of these three community development organizations identified home improvement loans for low and moderate income areas and persons as the primary credit need.

OVB Central Virginia received a rating of “Satisfactory” at its last two CRA examinations, dated August 15, 1995 and June 14, 1993. This examination covers OVB Central Virginia’s performance from January 1, 1996 through December 31, 1997.

See the Appendix of this report for a definition of terms used within this public evaluation.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

### **LENDING TEST**

Historically, the bank’s lending focus has been residential real estate. Consequently, housing-related lending was the primary focus in assessing OVB Central Virginia’s lending performance over this 2-year evaluation period. Small business loans were also included in the assessment of the bank’s CRA performance. Small farm loans and consumer loans were not included in the bank’s CRA performance assessment. The opportunities to make farm loans is limited with only 104 farms reported in the Assessment Area. The bank made no small farm loans during this evaluation period and consumer loans represented an insignificant portion of the bank’s total lending.

The bank's satisfactory performance under the lending test was based primarily on its lending activity in the Lynchburg MSA. Approximately 94% of the bank's housing-related loans reportable under the Home Mortgage Disclosure Act (HMDA) were made in the Lynchburg MSA during this 2-year evaluation period. Almost all of the bank's small business loans (99%) were made in the Lynchburg MSA.

***Lending Activity***

***Assessment Area Concentration***

Table 3 indicates a substantial majority of OVB Central Virginia's loans were made in its two assessment areas. During the 2-year evaluation period, the bank made at least 93% of both the number and dollar amount of HMDA and small business loans in its assessment areas. The bank made 632 HMDA loans totaling \$60 million and 188 small business loans totaling \$17 million.

<b>Table 3 Ratio of Loans Inside the Bank's Assessment Areas Lynchburg and Danville MSAs</b>				
	<b>HMDA</b>		<b>Small Business</b>	
	<b>1996</b>	<b>1997</b>	<b>1996</b>	<b>1997</b>
Number				
# of Loans Inside AA	328	304	75	113
% of Loans Inside AA	93%	94%	100%	99%
Dollars (000's)				
\$ of Loans Inside AA	\$30,510	\$29,194	4,164	13,236
% of Loans Inside AA	93%	94%	100%	99%

***Geographic Distribution***

Overall, OVB Central Virginia's distribution of HMDA and small business loans reflects adequate penetration throughout its assessment areas. There were no conspicuous geographic gaps in lending activity.

***HMDA lending***

Table 4 shows adequate distribution of HMDA loans to low and moderate income geographies given area demographics. The bank's distribution of HMDA lending in low income tracts during 1997 approximated the percent of owner-occupied housing units in the Lynchburg and Danville MSAs. This was an improvement over 1996 when the bank made no HMDA loans in low income geographies. Lending opportunities in low income geographies were limited partially by the small number of owner occupied housing units in low income geographies. Only 1% of all owner occupied homes in the Assessment Areas are located in low income tracts.

Table 4 Geographic Distribution of HMDA Loans Lynchburg and Danville MSAs										
Geographic Designation	Owner Occupied Housing by Tract		1996				1997			
	#	%	#	%	\$(000)	%	#	%	\$(000)	%
Low Income	587	1%	0	0%	0	0%	4	1%	163	1%
Moderate Income	9,320	11%	16	5%	784	3%	14	5%	646	2%
Middle Income	59,946	73%	204	63%	15,945	52%	189	62%	16,286	56%
Upper Income	12,117	15%	106	32%	13,628	45%	97	32%	12,099	41%
Not Available	0	0%	2	nil	153	nil	0	0%	0	0%
<b>Total</b>	<b>81,970</b>	<b>100%</b>	<b>328</b>	<b>100%</b>	<b>30,510</b>	<b>100%</b>	<b>304</b>	<b>100%</b>	<b>29,194</b>	<b>100%</b>

Source: FFIEC, 1996 HMDA Data and 1997 HMDA Loan Register

Relative to all lenders in the Lynchburg and Danville MSAs during 1996, OVB Central Virginia demonstrated adequate HMDA performance in moderate income geographies. The 8% (by number) of lending in moderate income geographies reported by all lenders during 1996 was not significantly higher than the bank's 5% share.

#### *Small business lending*

The bank had good geographic distribution of small business loans in low and moderate income geographies. Table 5 shows that loan penetration for the number of small business loans in low and moderate income geographies combined was 29% in 1996 and 34% in 1997. Both of these totals exceeded the 26% of businesses in low and moderate income geographies. The bank did an especially good job making small business loans to low income geographies. Relative to other banks' small business lending in the Lynchburg MSA during 1996, OVB Central Virginia ranked 7th in overall lending with 75 loans. However, it ranked 3rd in small business loans to low income tracts with 18. This shows that the bank made a disproportionately higher share of its small business loans in low income geographies.

Table 5 Geographic Distribution of Small Business Loans Lynchburg and Danville MSAs										
Geography Designation	Businesses By Location		1996				1997			
	#	%	#	%	\$(000)	%	#	%	\$(000)	%
Low Income	720	9%	18	24%	639	12%	34	30%	2,890	22%
Moderate Income	1,303	17%	4	5%	185	3%	4	4%	340	3%
Middle Income	4,573	60%	34	46%	2,450	46%	53	47%	7,507	57%
Upper Income	1,044	14%	19	25%	890	39%	22	19%	2,499	18%
<b>Total</b>	<b>7,640</b>	<b>100%</b>	<b>75</b>	<b>100%</b>	<b>4,164</b>	<b>100%</b>	<b>113</b>	<b>100%</b>	<b>13,236</b>	<b>100%</b>

Source: Dun & Bradstreet, Inc. and Bank prepared Small Business Data Collection Register

#### *Borrower Income Characteristics*

Table 6 shows that the bank's HMDA performance to low and moderate income borrowers was adequate. The bank's 5% proportionate share of HMDA lending to low income borrowers during 1996 was lower than the 9% reported for all lenders in the bank's two assessment areas. However, improvement was noted in HMDA lending during 1997 in both the number of loans and percent of



total loans. The number of HMDA loans to low income borrowers increased by 33% and the percent of total HMDA loans increased to 7%. The bank's proportionate share of HMDA loans to low income borrowers during 1996 and 1997 was lower than the 20% of low income families residing throughout the two assessment areas. However, making HMDA loans to low income families is a function of borrowing need and borrowing capacity based on available income. Almost one-third (31%) of households in the bank's two assessment areas receive social security income and fifteen percent (15%) receive retirement income. These statistics indicate an aging population on fixed income with reduced borrowing needs and limited income. Fourteen percent of households are below the poverty level which further restricts borrowing capacity.

The bank's HMDA penetration among moderate income borrowers was adequate. Table 6 shows that the bank's 18% of total HMDA lending to moderate income borrowers during 1996 was the same as the 18% of moderate income families residing throughout the bank's two assessment areas. The bank's distribution of total HMDA lending to moderate income borrowers declined slightly to 16% during 1997, but still did not deviate significantly from the 18% of moderate income families in the bank's assessment areas. The bank's 18% of total HMDA lending to moderate income borrowers during 1996 approximated the 20% aggregate lending for all lenders in the bank's two assessment areas.

<b>Table 6 Distribution of HMDA Loans by Borrower Income Level Lynchburg and Danville MSAs</b>										
<b>Borrower Income Distribution</b>	<b>Families in Area of Assessment</b>		<b>1996</b>				<b>1997</b>			
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>
	Low Income	16,828	20%	15	5%	864	3%	20	7%	868
Moderate Income	15,142	18%	58	18%	3,631	12%	48	16%	2,810	10%
Middle Income	19,407	23%	92	28%	6,831	22%	64	21%	4,768	16%
Upper Income	32,721	39%	155	47%	18,501	61%	162	53%	19,975	67%
Not Available	0	0%	8	2%	683	2%	10	3%	773	4%
<b>Total</b>	<b>84,098</b>	<b>100%</b>	<b>328</b>	<b>100%</b>	<b>30,510</b>	<b>100%</b>	<b>304</b>	<b>100%</b>	<b>29,194</b>	<b>100%</b>

Source: FFIEC, 1996 HMDA Data and 1997 HMDA Loan Register

For 1996 and 1997, 100% and 80%, respectively, of small business loans were to businesses with annual revenues less than \$1 million. Seventy-four percent (74%) of businesses in the combined areas had annual revenues less than \$1 million.

Table 7 shows adequate distribution of small business loans by size. In 1996 and 1997, 84% and 69% of business loans were for amounts of \$100,000 or less, respectively.

<b>Table 7 Distribution of Small Business Loans by Loan Size Lynchburg and Danville MSAs</b>									
<b>Loan Size</b>	<b>1996</b>				<b>1997</b>				
	<b>#</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>	
Less than or equal to \$100,000	63	84%	1,865	35%	78	69%	3,139	24%	
Between \$100,000 and \$250,000	10	13%	1,530	29%	19	17%	3,115	23%	
Greater than \$250,000	2	3%	769	36%	16	14%	6,982	53%	
<b>Total</b>	<b>75</b>	<b>100%</b>	<b>4,164</b>	<b>100%</b>	<b>113</b>	<b>100%</b>	<b>13,236</b>	<b>100%</b>	

Source: Bank prepared Small Business Data Collection Register

***Community Development Lending***

OVB Central Virginia made one community development loan during this evaluation period. This “loan” was in the form of a standby letter of credit to Habitat for Humanity, a non-profit organization that coordinates the construction of housing for low and moderate income people. For home buyers who provide sweat equity, mortgage interest rates are 0%. In July 1997, the bank issued a \$274,000 letter of credit on behalf of the Lynchburg Habitat for Humanity to build the infrastructure for a low income area called Jubilee Heights. This subdivision will consist entirely of Habitat for Humanity homes. The bank made several small business loans in an officially recognized “Enterprise Zone” in the City of Lynchburg. These Enterprise Zone loans were included in small business loan totals in Tables 6 and 7.

**INVESTMENT TEST**

Given opportunities available, OVB Central Virginia made an adequate level of qualified investments. During 1996 and 1997, the bank received credit for \$34,750 in qualified investments. Forty-three percent (43%) of this amount consisted of equity investments in two active Community Development Corporations (CDC). These two equity investments were made during 1994 but remain on the bank’s books. Qualified investments include:

- ▶ \$10,000 equity investment in a Lynchburg, Virginia CDC;
- ▶ \$ 5,000 equity investment in a Danville, Virginia CDC; and
- ▶ \$19,750 in contributions to community development organizations in the Lynchburg assessment area.

**SERVICE TEST**

***Accessibility of Delivery Systems***

Delivery systems are reasonably accessible to geographies and individuals with different income levels in the assessment areas. Given the demographics of the area, the bank had an adequate distribution of branches in low income geographies. At year end 1997, twenty percent (20%) of the banks branches were in low income geographies, which exceeded the 1% of families in low income tracts. See Table 8. There were no branches in moderate income tracts. However, one branch in a low income tract and several branches in middle income tracts were located near enough to moderate income tracts to serve them.

<b>Table 8 Distribution of Branch Offices Lynchburg and Danville MSAs</b>						
<b>Tract Income Designation</b>	<b>Census Tracts</b>		<b>Families</b>		<b>Branches</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Low Income	5	4%	1,090	1%	2	20%
Moderate Income	17	13%	11,236	13%	0	0%
Middle Income	46	35%	59,651	71%	7	70%
Upper Income	10	8%	12,102	15%	1	10%
Total	130	100%	84,079	100%	10	100%

### ***Changes in Branch Locations***

OVB Central Virginia's record of opening and closing branches has improved the accessibility of its delivery systems. No branches were closed during this 2-year evaluation period. Three branches were opened, all in middle income geographies.

### ***Business Hours and Services***

Business hours for the bank's 10 full service branches are tailored to the convenience and needs of the assessment areas. There is no significant difference in operating hours between the branches. Standard business hours for bank lobbies are 9:00 am - 5:00 pm Monday through Thursday and 9:00 am to 6:00 pm on Fridays. Standard hours for drive-thru facilities are 9:00 am to 5:30 pm Monday through Thursday and 9:00 am to 6:00 pm on Fridays. Only the two branches located in Kroger supermarkets are open on Saturdays from 10:00 am to 4:00 pm. According to bank management, OVB Central Virginia's complete line of products and services are offered at all of its full service banking centers. The bank has ATMs at each full service branch. The bank does not use alternative delivery systems.

### ***Community Development Services***

Given opportunities available in the Lynchburg and Danville MSAs, OVB Central Virginia provided a relatively high level of community development services within its assessment areas. Bank representatives serve in some financial or technical capacity in all major community development organizations in MSAs 4640 and 1950. The organizations for which community development services were provided are shown below:

- ▶ *Lynchburg Neighborhood Development Foundation.* An Executive Vice President of the bank serves on the Board of Directors and on the Finance Committee. As a member of the Finance Committee, he provides financial advice during the budgeting process. This organization serves as a coordinating partner in housing development to enable citizens with low and moderate incomes to acquire affordable homes. This organization serves the City of Lynchburg.
- ▶ *Lynchburg Community Development Corporation.* An Executive Vice President of the bank serves on the Board of Directors. The Board of Directors is responsible for controlling and managing the affairs of the corporation and the disposition of its funds and property. The bank representative provides technical and financial advice in these areas. This organization promotes the general welfare of the City of Lynchburg, particularly in improving housing conditions and encouraging economic development in low and moderate income areas, or those areas which directly benefit low and moderate income residents or small businesses in the city. This organization serves the City of Lynchburg.
- ▶ *Home Buying Seminars.* A Vice President/Senior Mortgage Originator conducts two first-time home buyer seminars each year through the Lynchburg Mortgage Bankers Association. These seminars are conducted monthly by the organization and seminar leaders are rotated among selected members. Approximately 25 people attend each seminar and approximately 90% of those attending have low to moderate incomes. This organization serves the City of Lynchburg.
- ▶ *Churches for Urban Ministry.* A Senior Vice President of the bank serves on the advisory board. He provides financial advice during the budget process and reviews incoming contributions. This organization offers programs to improve the quality of life for children living in the inner city of Lynchburg. All children participating in this program are from low to moderate income families. This organization serves the City of Lynchburg.
- ▶ *Retail Merchants Foundation.* A Senior Vice President of the bank serves on the Board of Directors and the Grants Committee. In this capacity, he provides financial advice during the

grant allocation process. This organization provides grants to various non-profit organizations in the Lynchburg area. A majority of the contributions made are to organizations that provide assistance to low to moderate income families. This organization serves the City of Lynchburg.

- ▶ *Court Appointed Special Advocate (CASA).* A Senior Vice President of the bank serves on the Board of Directors. In this capacity, he provides financial advice during the budget process and assists in completing the annual grant request package. This organization is a court approved program that enlists the help of trained volunteers who carefully research background information and act as representatives for neglected or abused children for whom courts are determining home placement. The majority of these children are from low and moderate income families. This organization serves most of the Lynchburg MSA including the City of Lynchburg, Campbell County, and Bedford County.
- ▶ *Business Development Center.* A Senior Vice President of the bank serves on the Board of Directors and the Loan Committee. The Loan Committee reviews all loan packages and determines which will be approved/denied. This is a nonprofit organization committed to assisting small business owners and prospective small business owners. The services provided are consultation, training, financing, resource library, and physical facility to start a new business. Approximately 50% of its loan recipients are low to moderate income families. This organization serves the City of Lynchburg.
- ▶ *Lynchburg Habitat for Humanity.* This non-profit organization builds single family homes for low income people. Donations of labor, money, and financial expertise are received from public and private organizations. An Assistant Vice President/Branch Manager of the bank assisted in the budget preparation of a house building project. This organization serves City of Lynchburg.
- ▶ *Danville Community Development Corporation.* A bank Vice President and Branch Manager serves on the Board of Directors. In this capacity, he provides technical advice in determining property to be purchased. This organization buys dilapidated or abandoned homes, refurbishes them, and re-sells the homes to low and moderate income persons. Permanent financing for the homes is provided by the Community Development Department for the City of Danville, VA. This organization serves the City of Danville.

## **FAIR LENDING REVIEW**

No violations of the substantive provisions of the anti-discrimination laws or regulations were identified. The bank's fair lending policies, procedures, and training programs were satisfactory.

## **Metropolitan Statistical Area (MSA) 4640**

### **Conclusions Regarding Performance Tests in Lynchburg MSA**

OVB Central Virginia's performance in meeting the credit needs of Metropolitan Statistical Area (MSA) 4640 is consistent with the overall Satisfactory rating assigned for the total bank. Lending activities in MSA 4640 account for 96% of the bank's activities and are the basis for the bank's level of performance.

### **Demographic Information for MSA 4640**

Tables 9 and 10 show demographic data for the Lynchburg MSA. Table 9 shows the distribution of geographies, families, and population by census tract income level. Table 10 shows housing stock demographics by census tract income level. The Department of Housing and Urban Development (HUD) updated median family income was \$39,700 in 1997. Median housing value was \$63,784

with a median year built of 1967. Fifteen percent (15%) of the 72,455 households in MSA 4640 are below the poverty level. Thirty percent of households receive social security income. Fifteen percent receive retirement income.

The Lynchburg MSA includes 43 Census Tracts that do not have an income level designation. Those tracts are in mountainous areas or near rivers and are either not populated or the population is minimal. Those tracts were omitted from the analysis to provide a more accurate reflection of demographics as a percentage of areas with lending opportunities.

<b>Table 9 Distribution by Census Tract Income Level Lynchburg MSA</b>										
	<b>Low</b>		<b>Moderate</b>		<b>Middle</b>		<b>Upper</b>		<b>Total</b>	
	#	%	#	%	#	%	#	%	#	%
Census Tracts	3	6%	10	21%	28	58%	7	15%	91	100%
Families (000)	1	2%	4	7%	40	76%	8	15%	53	100%
Population (000)	4	2%	20	10%	142	73%	27	14%	194	100%

Source: 1990 Census, U.S. Bureau of the Census

<b>Table 10 Housing Stock Demographics Lynchburg MSA</b>							
<b>CT Income Level</b>	<b>Number of Units</b>	<b>% Owner Occupied</b>	<b>% Rental Units</b>	<b>% Vacant Units</b>	<b>% Total</b>	<b>Multifamily Units</b>	
						<b>Number</b>	<b>Percent</b>
Low Income	1,879	28%	57%	15%	100%	432	6%
Moderate Income	6,720	49%	40%	11%	100%	626	9%
Middle Income	59,442	69%	23%	8%	100%	4,399	65%
Upper Income	11,064	71%	24%	5%	100%	1,372	20%
<b>TOTAL</b>	<b>79,105</b>					<b>6,829</b>	<b>100%</b>

Source: 1990 Census, U.S. Bureau of the Census

## LENDING TEST

OVB Central Virginia's performance under the lending test in the Lynchburg MSA is the primary basis of the bank's performance.

### *Geographic Distribution*

OVB Central Virginia's distribution of HMDA and small business loans reflects adequate penetration throughout the Lynchburg MSA. There were no conspicuous geographic gaps in lending activity.

### *HMDA lending*

Table 11 shows adequate distribution of HMDA loans to low and moderate income geographies given area demographics. The bank's proportionate share of HMDA lending in low income tracts during 1997 approximated the percent of owner-occupied housing units in low income census tracts in the Lynchburg MSA. This was an improvement over 1996 when the bank made no HMDA loans in low income geographies. Lending opportunities in low income geographies were limited partially by the small number of owner occupied housing units in low income geographies. Only 1% of owner occupied housing in the assessment area is located in low income census tracts.

Geographic Designation	Table 11 Geographic Distribution of HMDA Loans Lynchburg MSA									
	Owner Occupied Housing by Tract		1996				1997			
	#	%	#	%	\$(000)	%	#	%	\$(000)	%
Low Income	520	1%	0	0%	0	0%	4	1%	163	1%
Moderate Income	3,291	6%	14	5%	704	2%	13	5%	637	2%
Middle Income	41,036	78%	180	61%	14,342	51%	173	62%	15,045	55%
Upper Income	7,807	15%	99	33%	12,997	46%	91	32%	11,351	42%
Not Available	0	0%	2	1%	153	1%	0	0%	0	0%
Total	52,654	100%	295	100%	28,196	100%	281	100%	27,196	100%

Source: FFIEC, 1996 HMDA Data and 1997 HMDA Loan Register

Relative to all lenders in MSA 4640 during 1996, OVB Central Virginia demonstrated adequate HMDA performance in moderate income geographies. The 5% (by number) lending in moderate income geographies by all lenders during 1996 was the same as the bank's 5% share.

#### *Small business lending*

The geographic distribution of small business loans in low and moderate income geographies was good. Table 12 shows that loan penetration for the number of small business loans in low and moderate income geographies combined was 29% in 1996 and 34% in 1997. Both totals exceeded the 24% of businesses in low and moderate income geographies. The volume of small business loans to low income geographies increased significantly from 1996 to 1997.

Geography Designation	Table 12 Geographic Distribution of Small Business Loans Lynchburg MSA									
	Businesses By Location		1996				1997			
	#	%	#	%	\$(000)	%	#	%	\$(000)	%
Low Income	414	8%	18	24%	639	12%	34	30%	2,890	22%
Moderate Income	770	16%	4	5%	185	3%	4	4%	340	3%
Middle Income	3,059	62%	34	46%	2,450	46%	52	47%	7,242	56%
Upper Income	657	14%	19	25%	890	39%	22	19%	2,499	19%
Total	4,902	100%	75	100%	4,164	100%	113	100%	12,971	100%

Source: Dun & Bradstreet, Inc. and Bank prepared Small Business Data Collection Register

#### *Borrower Income Characteristics*

Table 13 shows that the bank's HMDA performance to low and moderate income borrowers was adequate. The bank's 5% of total HMDA lending to low income borrowers during 1996 was lower than the 8% for all lenders in the Lynchburg MSA. However, improvement was noted in HMDA lending during 1997 in both the number of loans and percent of total loans to low income borrowers. The number of HMDA loans to low income borrowers increased by 42% (from 14 to 20) and the percent of HMDA loans to low income borrowers increased to 7%. The bank's distribution of total HMDA loans to low income borrowers during 1996 and 1997 was lower than the 19% percent of low income families residing throughout the Lynchburg MSA. However, making HMDA loans to

low income families is a function of borrowing need and borrowing capacity based on available income. Almost one-third (30%) of households in the Lynchburg MSA receive social security income and fifteen percent (15%) receive retirement income. These statistics indicate an aging population on fixed income with reduced borrowing needs and limited income with which to borrow. Twelve percent of households are below the poverty level, which further restricts borrowing capacity.

The bank's HMDA penetration among moderate income borrowers was adequate. Table 13 shows that the bank's 18% of total HMDA lending to moderate income borrowers during 1996 was the same as the 18% of moderate income families in the Lynchburg MSA. The bank's share of HMDA lending to moderate income borrowers declined slightly to 16% during 1997, but still did not deviate significantly from the 18% of moderate income families in the Lynchburg MSA. The bank's 18% distribution of total HMDA lending to moderate income borrowers during 1996 approximated the 19% for all lenders in MSA 4640.

<b>Table 13 Distribution of HMDA Loans by Borrower Income Level Lynchburg MSA</b>										
<b>Borrower Income Distribution</b>	<b>Distribution of families by income level</b>		<b>1996</b>				<b>1997</b>			
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>
	Low Income	10,088	19%	14	5%	848	3%	20	7%	868
Moderate Income	9,827	18%	52	18%	3,386	12%	41	15%	2,494	9%
Middle Income	12,693	24%	79	28%	6,074	22%	61	23%	4,548	17%
Upper Income	20,597	39%	142	49%	17,205	63%	149	55%	18,513	71%
Total	53,205	100%	287	100%	27,513	100%	271	100%	26,423	100%

Source: FFIEC, 1996 HMDA Data and 1997 HMDA Loan Register

For 1996 and 1997, 100% and 80%, respectively, of small business loans were to businesses with annual revenues less than \$1 million. Seventy-three percent (73%) of businesses in the Lynchburg MSA reported annual revenues of less than \$1 million.

Table 14 shows adequate loan distribution of small business loans by size. In 1996 and 1997, 84% and 69% of business loans were for amounts of \$100,000 or less, respectively.

<b>Table 14 Distribution of Small Business Loans by Loan Size Lynchburg MSA</b>									
<b>Loan Size</b>	<b>1996</b>				<b>1997</b>				
	<b>#</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>	
Less than or equal to \$100,000	63	84%	1,865	35%	77	69%	2,874	22%	
Between \$100,000 and \$250,000	10	13%	1,530	29%	19	17%	3,115	24%	
Greater than \$250,000	2	3%	769	36%	16	14%	6,982	54%	
Total	75	100%	4,164	100%	113	100%	12,971	100%	

Source: Bank prepared Small Business Data Collection Register

### ***Community Development Lending***

The bank made one community development loan in the form of a standby letter of credit. See comments under CRA performance for the entire bank for more details.

### **INVESTMENT TEST**

Given available opportunities, OVB Central Virginia made an adequate level of qualified investments. See comments under CRA performance for the entire bank for type and amount of qualified community development investments.

### **SERVICE TEST**

#### ***Accessibility of Delivery Systems***

Delivery systems are reasonably accessible to geographies and individuals with different income levels in the assessment area. At year end 1997, eleven percent (11%) of the bank's branches were in low income geographies which exceeded the 1% of families in low income tracts. See Table 15. There were no branches in moderate income tracts. However, several branches were located near enough to moderate income tracts to serve them.

<b>Table 15 Distribution of Branch Offices Lynchburg MSA</b>						
<b>Tract Income Designation</b>	<b>Census Tracts</b>		<b>Families</b>		<b>Branches</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Low Income	3	3%	878	2%	1	11%
Moderate Income	10	11%	3,813	7%	0	0%
Middle Income	28	31%	40,632	76%	7	78%
Upper Income	7	8%	7,885	15%	1	11%
NA	43	47%	0	0%	0	0%
Total	91	100%	53,208	100%	9	100%

#### ***Changes in Branch Locations***

OVB Central Virginia's record of opening and closing branches has improved the accessibility of its delivery systems. No branches were closed during this 2-year evaluation period. Three branches were opened, all in middle income geographies in the Lynchburg MSA.

#### ***Community Development Services***

Given opportunities available in the Lynchburg MSA, OVB Central Virginia has provided a relatively high level of community development services. See CRA performance for overall bank for specific community development services.



## Metropolitan Statistical Area (MSA) 1950

### Conclusions Regarding Performance Tests in Danville MSA

OVB Central Virginia's performance in meeting the credit needs of Metropolitan Statistical Area (MSA) 1950 is less than satisfactory. This conclusion is based primarily upon the bank's low volume of lending. The bank reported nominal HMDA lending activity and made no small business loans in the assessment area over the evaluation period. The bank's geographic distribution is also less than satisfactory. There were no residential mortgage or small business loans extended in either of the two low income census tracts during the two year evaluation period even though the bank's single branch in the Danville MSA is located in a low income tract. Other banks made residential and small business loans in this low income tract, indicating that lending opportunities were available.

### Demographic Information for MSA 1950

Tables 16 and 17 show demographic data for the Danville MSA. Table 16 shows the distribution of geographies, families, and population by census tract income level. Table 17 shows housing stock demographics by census tract income level. The Department of Housing and Urban Development (HUD) updated median family income was \$35,500 in 1997. Median housing value was \$46,593 with a median year built of 1963. Sixteen percent (16%) of the 42,313 households in MSA 1950 are below the poverty level. Thirty three percent (33%) receive social security income. Fifteen percent (15%) receive retirement income.

The Danville MSA includes 9 Census Tracts that do not have an income level designation. Those tracts are in mountainous areas or near rivers and are either not populated or the population is minimal. Those tracts were omitted from the analysis to provide a more accurate reflection of demographics as a percentage of areas with lending opportunities.

<b>Table 16</b>										
<b>Distribution by Census Tract Income Level</b>										
<b>Danville MSA</b>										
	<b>Low</b>		<b>Moderate</b>		<b>Middle</b>		<b>Upper</b>		<b>Total</b>	
	#	%	#	%	#	%	#	%	#	%
Census Tracts	2	7%	7	24%	18	59%	3	10%	31	100%
Families (000)	0.2	1%	7	24%	19	62%	4	13%	30.2	100%
Population (000)	1	1%	27	25%	65	60%	15	14%	108	100%

Source: 1990 Census, U.S. Bureau of the Census

<b>Table 17</b>							
<b>Housing Stock Demographics</b>							
<b>Danville MSA</b>							
<b>CT Income Level</b>	<b>Number of Units</b>	<b>% Owner Occupied</b>	<b>% Rental Units</b>	<b>% Vacant Units</b>	<b>% Total</b>	<b>Multifamily Units</b>	
						<b>Number</b>	<b>Percent</b>
Low Income	618	10%	76%	14%	100%	347	6%
Moderate Income	11,965	50%	40%	10%	100%	1,179	9%
Middle Income	27,337	69%	22%	9%	100%	1,237	65%
Upper Income	6,238	69%	25%	6%	100%	884	20%
<b>TOTAL</b>	<b>46,158</b>					<b>3,647</b>	<b>100%</b>

Source: 1990 Census, U.S. Bureau of the Census

## LENDING TEST

### *Lending Activity Assessment Area Concentration*

OVB-Central Virginia's lending activity during 1996 and 1997 in the Danville MSA is less than satisfactory. All of the bank's lending was within the assessment area. However, lending levels were low with total lending activity consisting of 56 HMDA loans totaling \$4.3 million dollars during the two year evaluation period. The bank made no small business loans and consumer lending was insignificant.

OVB-Central Virginia does not have a significant presence in the Danville MSA, having only the single acquired branch. Since their operations have not expanded in Danville, it reportedly has created the perception among local residents and businesses that the branch was unstable and might close. This made it difficult to attract loan business. The manager at the Danville office also is not an experienced commercial lender. Bank management has hired an experienced commercial banker to run the Southside Region, which includes Danville. The bank also recently began advertising a below market interest rate home improvement loan product to increase HMDA loan production.

### *Geographic Distribution*

The bank's geographic distribution of HMDA loans is less than satisfactory. The bank made no HMDA loans in either of the two low income census tracts even though it has a branch in a low income census tract in Downtown Danville. Table 18 reflects the bank's minimal penetration of low and moderate income census tracts. Both the bank and all lenders reported less than 1% of their lending in low income census tracts during 1996. The bank achieved approximately half of all lenders distribution in moderate income census tracts..

Table 18 Geographic Distribution of HMDA Loans by Geography Income Designation Danville MSA							
Geography Characteristics			1996 and 1997 HMDA Loan Distribution				
Census Tracts	Owner Occupied Housing	1996			1997		
		OVB # %	All Lenders	OVB \$ %	OVB # %	OVB \$ %	
Low Income	7%	1%	0 0%	<1%	\$0 <1%	0 0%	\$0 0%
Moderate Income	24%	21%	2 6%	17%	\$80 3%	1 4%	\$9 <1%
Middle Income	59%	65%	24 73%	63%	\$1,603 69 %	16 70%	\$1,241 62%
Upper Income	10%	14%	7 21%	20%	\$631 28%	6 26%	\$748 37%
Total	100%	100%	33 100%	100%	\$2,314 100%	23 100%	\$1,998 100%

***Borrower Income Characteristics***

The bank’s distribution of lending to low income borrowers is less than satisfactory. The bank originated one of 56 HMDA loans during the past two years to a low income borrower. The bank more effectively reached moderate income borrowers with 13 of 56 loans being made to moderate income borrowers. Given the bank’s low volume of lending, slight fluctuations in lending volumes can cause large shifts in distribution patterns. For example, the large percentage increase in lending to moderate income people during 1997 resulted due to fewer loans being extended to middle income, not an increase in lending to moderate income borrowers.

Table 19 details the bank’s lending patterns among borrowers’ of different income categories and provides the distribution for all lenders during 1996.

Table 19 Distribution of HMDA Loans by Borrower Income Level Danville MSA						
Income Level	Distribution of Families by Income Level	1996 All Lenders	Distribution of Borrower Income Level			
			1996 HMDA Loans		1997 HMDA Loans	
			#	%	#	%
Low Income	22%	11%	1	3%	0	0%
Moderate Income	17%	21%	6	18%	7	30%
Middle Income	22%	26%	13	39%	3	13%
Upper Income	39%	38%	13	40%	13	57%
Total	100%	100%	33	100%	23	100%

**INVESTMENT TEST**

Given available opportunities, OVB-Central Virginia made an adequate level of qualified investments. For specific investments, see comments under CRA performance for the entire bank.

**SERVICE TEST**

***Accessibility of Delivery Systems***

Delivery systems are reasonably accessible to geographies and individuals with different income levels in the assessment area. The bank’s only branch in the Danville MSA is in a low income geography.

***Changes in Branch Locations***

The bank has not opened or closed any branches during the evaluation period.

***Business Hours and Services***

Business hours and services are reasonable and are tailored to the convenience and needs of the area. For specific hours and services, see comments under CRA performance for the entire bank.

## ***Community Development Services***

Given available opportunities in the Danville MSA, OVB Central Virginia provided an adequate level of community development services. See CRA performance for overall bank for specific community development services.

### **Definition of Terms**

The following are definitions of terms used throughout this public evaluation. The definitions are not the strict legal definitions contained in 12 C.F.R. 25.12, but rather a more concise synopsis of their meaning.

Community Development - The primary purpose of the loan, investment, or service is for (1) affordable housing for low or moderate income individuals; (2) community services targeted to low or moderate income individuals; (3) activities that promote economic development by financing small businesses and farms; and (4) activities that revitalize or stabilize low or moderate income areas.

Consumer Loan - A loan to one or more individuals for household, family, or other personal expenditures.

HMDA Loan - A residential real estate loan (home purchase, home refinance, home improvement, or multifamily).

Geography - A census tract or block numbering area.

Low, Moderate, Middle, and Upper Income Area - A low income area is one in which the median family income is less than 50% of the area median income, moderate income is 50% to 79% of the area median family income, middle income is 80% to 119% of the area median family income, and upper income is 120% or more of the area median family income.

Qualified Investment - A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Small Business Loan - A commercial loan with an original loan amount of \$1 million or less.

Small Farm Loan - A farm loan with an original loan amount of \$500,000 or less.